

TOOELE COUNTY RECREATION
Special Service District

**Financial Statements and
Independent Auditors' Report**

December 31, 2005

TOOELE COUNTY RECREATION
Special Service District

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Certified Public Accountants (a professional corporation)

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INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees

Tooele County Recreation Special Service District:

We have audited the accompanying basic financial statements of **Tooele County Recreation Special Service District** (the District), a component unit of Tooele County, as of and for the year ended December 31, 2005, as listed in the foregoing table of contents. These basic financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2005, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2006 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Haynie & Co.

Salt Lake City, Utah
June 19, 2006

TOOELE COUNTY RECREATION

Management's Discussion and Analysis

This discussion and analysis is intended to be an easily readable analysis of the Tooele County Recreation Special Service District's (the District) financial activities based on currently known facts, decisions, or conditions. This analysis focuses on current year activities and should be read in conjunction with the Independent Auditors' Report found on page 1 and with the financial statements that follow.

Government-wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. Traditionally, separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds; however, the District is comprised of only the general fund.

Report Layout

Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, and the notes to the financial statements. The first two statements are condensed and present a government-wide view of the District's finances. Within this view, all of the District's operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic economic development services and administration. There are no business-type activities in the District. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the District.

Basic Financial Statements

The *Statement of Net Assets* presents information on all of Tooele County Recreation's assets and liabilities, with the difference between the two reported as *Net Assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Tooele County Recreation is improving or deteriorating. Governmental activities are reported on the accrual basis of accounting.

The *Statement of Activities* focuses on gross and net costs of the District's programs and the extent to which such programs rely upon general revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

TOOELE COUNTY RECREATION

Management's Discussion and Analysis (continued)

Authority as a Whole

Reporting governmental activities on the new standard requires comparison to the prior year and to business-type activities. There are no business-type activities within the District. Funds were used predominantly for capital projects, in accordance with the principal intent of the District's formation.

Net Assets at Year-End 2005 and 2004

	Governmental Activities	
	2005	2004
Assets:		
Cash and cash equivalents	\$ 45,432	\$ 66,858
Accounts receivable	-	7,204
Total assets	\$ 45,432	\$ 74,062
Liabilities:		
Accounts payable	\$ 650	\$ 18,225
Total liabilities	\$ 650	\$ 18,225
Fund balance/net assets:		
Reserved for capital projects	\$ 44,782	\$ 55,837
Total fund balance	\$ 44,782	\$ 55,837
Total liabilities and fund balance	\$ 45,432	\$ 74,062

Governmental Activities at Year-End 2005 and 2004

	2005	2004
General revenues:		
Intergovernmental (PILT)	\$ 180,304	\$ 174,869
Mineral lease payment	16,476	20,122
Total general revenues	196,780	194,991
Expenditures:		
Administrative	\$ 367	\$ 270
Automotive	1,500	1,500
Capital projects	205,968	173,238
Total expenditures	207,835	175,008
Excess (deficiency) of revenues over (under) expenditures	(11,055)	19,983
Fund balance/net assets:		
Fund balance/net assets, beginning of year	55,837	35,854
Fund balance/net assets, end of year	\$ 44,782	\$ 55,837

Capital Assets and Debt Administration

At December 31, 2005 and 2004, the District owned no capital assets and owed no debt.

TOOELE COUNTY RECREATION Special Service District

Governmental Funds Balance Sheet/Statement of Net Assets

For the year ended December 31			2005
	General Fund	Adjustments	Statement of Net Assets
Assets:			
Cash and cash equivalents	\$ 45,432	-	\$ 45,432
Accounts receivable	-	-	-
Total assets	\$ 45,432	-	\$ 45,432
Liabilities:			
Accounts payable	650	-	650
Total liabilities	\$ 650	-	\$ 650
Fund balance/net assets:			
Reserved for capital projects	44,782	-	44,782
Total fund balance	\$ 44,782	-	\$ 44,782
Total liabilities and fund balance	\$ 45,432	-	\$ 45,432

See accompanying notes to financial statements.

TOOELE COUNTY RECREATION
Special Service District

Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities

For the year ended December 31		2005	
	General Fund	Adjustments	Statement of Activities
General revenues:			
Intergovernmental (PILT)	\$ 180,304	\$ -	\$ 180,304
Mineral lease payment	16,476	-	16,476
Total general revenues	196,780	-	196,780
Expenditures:			
Administrative	\$ 367	\$ -	\$ 367
Automotive	1,500	-	1,500
Capital projects	205,968	-	205,968
Total expenditures	207,835	-	207,835
Excess (deficiency) of revenues over (under) expenditures	(11,055)	-	(11,055)
Fund balance/net assets:			
Fund balance/net assets, beginning of year	55,837	-	55,837
Fund balance/net assets, end of year	\$ 44,782	\$ -	\$ 44,782

See accompanying notes to financial statements.

TOOELE COUNTY RECREATION
Special Service District

**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and
Actual - General Fund**

For the year ended December 31				2005
	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental (PILT)	\$ 216,000	\$ 216,000	\$ 180,304	\$ 35,696
Mineral lease payment	26,000	26,000	16,476	9,524
Total revenues	242,000	242,000	196,780	45,220
Expenditures:				
Administrative	-	-	367	(367)
Automotive	2,500	2,500	1,500	1,000
Capital projects	216,000	216,000	205,968	10,032
Total expenditures	218,500	218,500	207,835	10,665
Excess of revenues over expenditures	23,500	23,500	(11,055)	34,555
Fund balance, beginning of year	-	-	55,837	55,837
Fund balance, end of year	\$ 23,500	\$ 23,500	\$ 44,782	21,282

See accompanying notes to financial statements.

TOOELE COUNTY RECREATION

Notes to Financial Statements

Note 1 - Organization and operation

Tooele County Recreation Special Service District (the District) was organized under the laws of the State of Utah. The District was organized for the primary purpose of establishing recreational facilities in Tooele County. The District's primary sources of revenues to fund the construction and acquisition of recreational facilities are from state mineral lease payments and payments in lieu of taxes. The District's fiscal authority includes responsibility for final approval over budgeting appropriations, for funding deficits and operating deficiencies, disposal of surplus funds, control over the collection and disbursement of funds, and maintenance of title to assets. The District is a component unit of Tooele County.

Note 2 - Significant accounting policies

Government-wide and Fund Financial Statements - The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the governmental activities. For the most part, the effect of interfund activity has been removed from these financial statements to minimize the double-counting of internal activities. The General Fund is the general operating fund of the District. It is used to account for all financial resources covering the general services that the District performs for its citizens, except those required to be accounted for in other funds. There are no other funds in the District.

Basis of presentation - fund accounting policies - The accounts of the District are organized on the basis of a fund, which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in the individual fund based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The fund is considered a governmental fund type or general fund as defined below.

Basis of accounting - All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available, within 60 days of the end of the year, as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash. General property taxes, self-assessed taxes, and investment earnings are recorded as earned (when they are measurable and available). Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service, prepaid expenses, and other long-term obligations, which are recognized when paid.

Management estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOOELE COUNTY RECREATION

Notes to Financial Statements (continued)

Note 2 - Significant accounting policies (continued)

Cash and cash equivalents - Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition.

Investments - Investments are stated at cost or amortized cost, which approximates market.

Budget and budgetary accounting - The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles. An annual budget is prepared and adopted by the Board of Directors on or before December 15 for the fiscal year commencing the following January 1, in accordance with State law. The operation budget includes proposed expenditures and the proposed sources of financing for such expenditures. Prior to December 15, a public hearing is conducted to obtain taxpayer input. A budget is adopted and control of budget appropriations is exercised, under State law, at the department level. Budget amendments are required to increase the expenditure budget. The General Fund budget is prepared using the modified accrual basis of accounting.

Note 3 - Deposits and investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The District follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of District funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial credit risk - Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. As of December 31, 2005, \$0 of the District's bank balances of \$45,432 were uninsured and uncollateralized.

Investments - The Money Management Act defines the types of securities authorized as appropriate investments for the District and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. As of December 31, 2005, the District had no investments and was not subject to interest rate risk, credit risk, concentration of credit risk, custodial credit risk, or foreign currency risk.

**SUPPLEMENTAL SCHEDULES
AND REPORTS**



**Haynie &
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Certified Public Accountants (a professional corporation)

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Honorable Board of Trustees
Tooele County Recreation Special Service District

We have audited the financial statements of **Tooele County Recreation Special Service District** (the District) as of and for the year ended December 31, 2005, and have issued our report thereon dated June 19, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Haynie & Co.

Salt Lake City, Utah
June 19, 2006



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**REPORT ON LEGAL COMPLIANCE APPLICABLE TO UTAH STATE LAWS AND
REGULATIONS**

Honorable Board of Trustees
Tooele County Recreation Special Service District:

We have audited the financial statements of **Tooele County Recreation Special Service District** (the District) for the year ended December 31, 2005 and have issued our report thereon dated June 19, 2006.

Our audit also included test work on the District's compliance with those general compliance requirements identified in the Compliance Manual for Audits of Local Governments in Utah, including:

- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Other Compliance Requirements

The management of the District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the District complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2005.

Haynie & Co.

Salt Lake City, Utah
June 19, 2006

TOOELE COUNTY RECREATION
Special Service District

Schedule of Findings - Compliance - State of Utah

For the year ended December 31

2005

CURRENT YEAR FINDINGS

Statement of Condition - 05-1:

The District's treasurer is not bonded.

Criteria:

Utah Code Section 51-7-15 states that every public treasurer shall secure a fidelity bond based on the previous year's budgeted gross revenues.

Cause:

The small size of the District and relatively minimal accounting duties of the treasurer have not seemed to warrant expenditure for a bond.

Effect:

The District is not in compliance with State law.

Recommendation:

We recommend that a fidelity bond be secured. The bond should be equal to at least 8% of the previous year's budgeted revenues.

Response:

We concur with the recommendation and will secure a fidelity bond.

Statement of Condition - 05-2:

The District is not covered by a liability insurance policy.

Criteria:

Section 17A-1-504(2) of the *Utah Code* requires each special district with an annual operating budget of at least \$50,000 to obtain liability insurance as considered appropriate by the district's Board.

Cause:

The small size of the District and relatively minimal liability risk have not seemed to warrant expenditure for liability insurance.

Effect:

The District is not in compliance with State law.

Recommendation:

We recommend that the District procure appropriate liability insurance.

Response:

We concur with the recommendation and will proceed with procuring the liability insurance.

PRIOR YEAR FINDINGS

In 2004, the District was not in compliance with Section 54-3-25 of the *Utah Code* regarding annual publication of the District's name, telephone number, and address. In 2005, the District is in compliance.

In 2004, the District's treasurer was not bonded and the District was not covered by a liability insurance policy. As of December 31, 2005, neither of these findings have been corrected.

In 2004, the fund balance exceeded the allowable accumulated fund balance by \$7,088. In 2005, the District is in compliance.